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DIRECTORATE OF
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East Germany - USSR: The two countries--each the other's principal trade partner--have agreed to increase trade to \$24 billion during 1971-75.

This represents a 55-percent increase over the current five-year period. The East Germans reportedly had been pushing for an even larger increase, but probably will not be disappointed with the respectable annual growth rate of more than ten percent. This would not, however, prohibit a gradual increase in the share of East Germany's trade with the industrial west.

The agreement apparently represents some compromises. Pankow's agreement to expand deliveries of consumer goods apparently was a trade-off for Moscow's acceptance of more machinery and equipment, including electronics equipment that East Germany has been anxious for the USSR to purchase. Machinery and equipment deliveries will almost double during the coming five-year period to about \$11 billion.

For their part, the Germans apparently agreed to provide the USSR with investment funds for the exploitation of raw materials in the Soviet Union in exchange for promises of a considerable increase in the volume of raw materials deliveries, particularly petroleum and natural gas. The Soviet Union has been pressing its European allies for investments for raw material exploitation, which Moscow claims costs more than sales of such materials earn. [REDACTED]

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USSR-Bolivia: Several recent agreements signed in Moscow will open the way for expanded economic relations.

The USSR extended a \$27.5-million credit to Bolivia for the purchase of Soviet mining and metallurgical machinery, according to an announcement by the Bolivian Embassy in Moscow. The credit, the first extended to Bolivia by Moscow, reportedly is to be repaid in hard currency over ten years at an annual interest rate of three percent. In addition, the two countries signed a trade agreement and a protocol that provided for the establishment of trade representatives in both capitals.

Arrangements also are being worked out for the provision of Soviet technicians to assist in the development of Bolivia's tin industry. This aid probably is part of a wider program of technical exchanges envisaged under the scientific and technical cooperation agreement signed earlier this year.

Bolivia already has begun to implement its first commercial agreement with Moscow. Signed in June, it calls for the export of 3,200 tons of Bolivian tin and tin concentrates in 1970-71 for some \$8 million in hard currency. Another agreement for future deliveries is expected to be reached in 1971.

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Guyana: Prime Minister Burnham has reaffirmed his plan to seek greater government control of the economy.

On 15 August Burnham announced the government's intent to begin negotiations with large Canadian- and US-owned companies. He made no immediate specific demands, but said that his objective is to have the government or local cooperatives acquire at least 51-percent control.

Bauxite is the largest export industry in Guyana, accounting for nearly half of the country's export earnings.

Burnham also announced that the recently established External Trade Board--originally organized to control imports only from Communist countries--will actually control all imports. This will give the government an effective instrument for setting prices on all imports.

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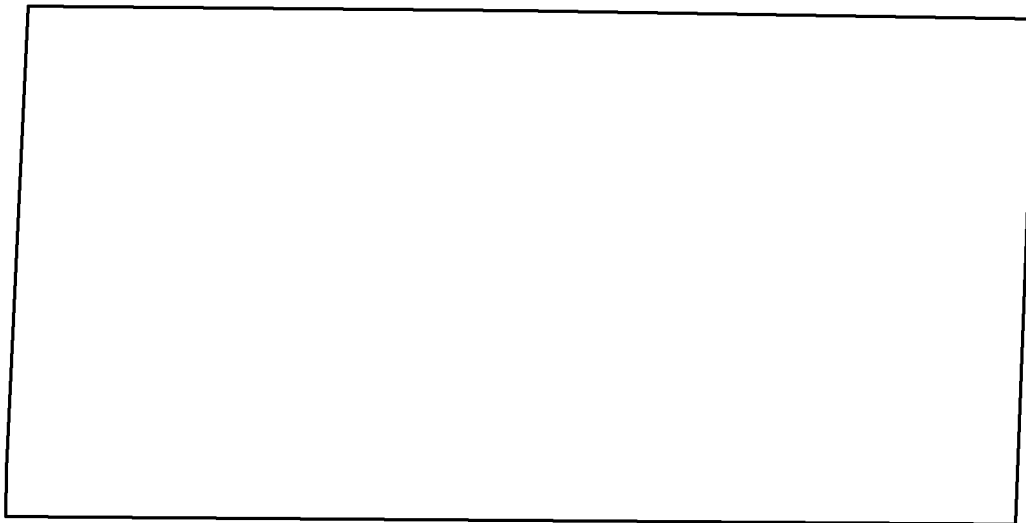
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Communist China - Cambodia: The military aid agreement signed in Peking on 17 August is meant to underline continuing Chinese support for Sihanouk's government-in-exile as well as to enhance his stature as a viable partner with Hanoi in the Indochina conflict. The announcement of the signing provided no details, and there are no indications that the military aid will amount to anything more than small arms and ammunition to pro-Sihanouk forces in Cambodia. The Chinese provided military assistance to Sihanouk before he was overthrown, and he has continued to receive financial and material aid from them. The announcement, which also contained the first public reference to a loan agreement signed in May, does not signal any change from Peking's policy of avoiding direct military involvement in Indochina.



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Bolivia: Elections at the university in La Paz have resulted in a victory for the extreme leftist slate. Last month President Ovando agreed to the elections as part of an agreement to end the violent conflict between student factions. Rightist students had ousted the leftist "revolutionary council" and occupied the main university building. Moderates on the commission appointed to oversee the elections resigned before the vote because the moderate faculty members, who were expelled in April when leftists first seized control of the university, were not allowed to participate in the elections. The exclusion of these faculty members contributed to the leftist victory.

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